

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 EA-07 ISO-00 EB-05 RSC-01 DRC-01 /025 W

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R 301535Z JUL 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 1912

INFO AMCONSUL GUAYAQUIL

AMEMBASSY TOKYO

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FOR COMMERCE/BIC/OED/MEPD

E.O. 11652: N/A

TAGS: BEXP, BMED, EC

SUBJECT: MAJOR PROJECT: QUITO SUBWAY

REF: QUITO 4854 AND PREVIOUS

1. IN RECENT DISCUSSION WITH JAPANESE AMBASSADOR HIROSHI YOKOTA, COMAT WAS TOLD THAT JAPAN TRANSPORT CONSULTANTS ASSOCIATES (JTCA) DEFINITELY WOULD NOT CONDUCT SUBWAY FEASIBILITY STUDY FREE OF CHARGE (SEE REFTEL). AMBASSADOR EXPLAINED THAT, ON DAY FOLLOWING PRESIDENT RODRIGUEZ' REQUEST THAT JTCA CONDUCT STUDY, JTCA DIRECTOR KAWANO MET WITH MINISTER OF PUBLIC WORKS. LATTER EXPRESSED INTEREST IN OBTAINING STUDY GRATIS, BUT WAS INFORMED BY KAWANO THAT THIS WOULD NOT BE POSSIBLE.

2. IN REPLY TO COMAT'S QUESTION, AMBASSADOR YOKOTA SAID THAT COST OF STUDY WOULD BE US \$5-7 MILLION, HE ADMITTED THAT THIS AMOUNT APPEARED VERY HIGH, BUT THAT HE HAD CONFIRMED FIGURE WITH JTCA.

3. LOCAL MANAGER OF VTN ENGINEERS, WHICH HAS OFFICE IN MINISTRY OF PUBLIC WORKS, COMMENTED PRIVATELY TO COMAT THAT FEASIBILITY STUDY ALONE SHOULD COST BETWEEN US \$300,000-400,000 AND THAT PRICETAG OF 5-7 MILLION WOULD APPEAR TO INCLUDE DESIGN AND ENGINEERING SERVICES AS WELL. HOWEVER, HE SAID, MINISTER OF

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PUBLIC WORKS IS VERY RELUCTANT TO SPEND EVEN HALF-MILLION DOLLARS

FOR FEASIBILITY STUDY.

4. MANAGER ALSO MENTIONED THAT VTN HAD CONTACTED BOEING AIR-CRAFT WITH OFFER TO COLLABORATE ON SUBWAY PROJECT, BUT THAT BOEING HAD EXPRESSED NO INTEREST. HE REQUESTED THAT COMMERCE ATTEMPT TO PERSUADE BOEING THAT MAGNITUDE OF PROJECT PRESENTS EXCELLENT OPPORTUNITY FOR BOTH COMPANIES.

5. VTN MANAGER ALSO PROVIDED TO EMBASSY A COPY OF APRIL 9 LETTER SENT BY ROHR INTERNATIONAL CORPORATION TO MINISTER OF PUBLIC WORKS. LETTER IS BEING POUCHED.

6. FINALLY, THERE ARE INDICATIONS THAT GOE MAY REQUEST A THIRD COST APPRAISAL. IN RECENT CONVERSATION WITH EMBOFFS, LUIS MALDONADO, A PRESIDENTIAL ADVISOR, COMMENTED THAT COST ESTIMATE PRESENTED BY JTCA WAS FIVE TIMES HIGHER THAN THAT OF MEXICAN FIRM. UNDER TERMS OF JTCA STUDY, ALL EQUIPMENT AND ROLLING STOCK WOULD BE IMPORTED FROM JAPAN, WHILE PRESIDENT ECHEVERRIA OFFERED TO HELP BUILD FACTORY TO MANUFACTURE OR ASSEMBLE RAIL CARS IN ECUADOR. GOE IS SERIOUSLY CONSIDERING SOLICITATION OF A THIRE COST ESTIMATE AS MEANS OF JUDGING OTHER TWO.

BREWSTER

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